

INFORMATION
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**AGENDA ITEM:** CLSA Interlibrary Loan, Universal Borrowing, Equal Access Programs

**GENERAL OVERALL PROGRAM UPDATES:**

**CURRENT STATUS:** CLSA reimbursed loan services continue throughout the state with 176 public libraries participating.

The 2001/02 Budget Bill, as introduced, includes a \$1,251,000 increase over the current year appropriation for the ILL and Direct Loan Programs to fund increases in both transaction levels and service costs for CLSA loan services based on actual data from the 1999/2000 fiscal year. If this augmentation remains in the Governor's signed budget and if the Department of Finance approves the proposed rates, the new reimbursement rates will be as follows:

\$3.82 per eligible Interlibrary Loan  
\$ .73 per net imbalance Direct Loan

The above rates are the Board adopted rates for fiscal year 1999/2000.

In the May Revision of the Governor's proposed budget an augmentation of \$3.2 million was removed which would have continued implementation of the Library of California (LoC) compensation program. Staff is presenting options for the Board's consideration at this June meeting (See Document 10). All the options would require non-public libraries participating in the ILL pilot program to be reimbursed for loans to public library through CLSA funding. Projected transactions for 2001/02 indicate that the CLSA Transaction Based Reimbursement Program budget is sufficient to fully reimburse all public library loans as well as all non-public library loans to public libraries.

**PROGRAM TRENDS:** Reimbursement rates for the 2000/01 fiscal year as adopted by the State Department of Finance are:

\$3.21 per eligible Interlibrary Loan  
\$ .63 per net imbalance Direct Loan

Based on actual data for 1st, 2nd and 3rd quarter ILL and all four quarters of Direct Loan data, loan activity projections for the 2000/01 fiscal year have been revised as follows:

<b>2000/01 LOAN ACTIVITY</b>					
	1st Quarter <u>Actual</u>	2nd Quarter <u>Actual</u>	3rd Quarter <u>Actual</u>	4th Quarter <u>Projected</u>	Revised 2000/01 Total <u>Projected</u>
ILL Reimbursable Transactions	263,341	253,202	294,557	300,500	1,111,600
Direct Loan Transactions	5,777,044	6,414,415	6,286,508	6,869,798	25,347,765
Direct Loan Net Imbalance Transactions	2,355,115	2,583,801	2,588,599	2,769,071	10,296,586

Based on actual claims thus far, totals for the fiscal year have been revised. ILL transactions are now projected at 1,111,600 (down 6.4% from the 1999/2000 total), and actual net imbalance Direct Loans are reported at 10,296,586 (down 1.2% from the 1999/2000 total).

Pro Rata Projection: The chart below displays the full cost reimbursement of the actual activity in the ILL and Direct Loan programs thus far, the amount actually paid to libraries, and the amount withheld.

<u>Status of TBR Payments as of 6/6/01</u>			
	Cost of Non-prorated <u>Reimbursement</u> <sup>1</sup>	Paid to <u>libraries</u> <sup>2</sup>	Amount <u>Withheld</u>
ILL	\$2,603,631	\$2,343,268	\$ 260,363
Direct Loan	\$6,486,849	\$5,838,164	\$ 648,685
<b>Total</b>	<b>\$9,090,480</b>	<b>\$8,181,432</b>	<b>\$ 909,048</b>

<sup>1</sup> At rates approved by the State Department of Finance  
<sup>2</sup> 10% withheld per August 2000 action of the Board.

Based on the actual transactions for direct loan and revised projections for ILL, the full cost of the 2000/01 ILL and Direct Loan Programs at Department of Finance approved rates are estimated at:

ILL	\$3,568,236
Direct Loan	\$6,486,849
Total	\$10,055,085

The 2000/01 CLSA appropriation for Interlibrary Loan and Direct Loan transactions is \$10,894,000, which is sufficient to pay all valid claims for reimbursement at 100%.

**TRANSITION PROCESS:** Staff requests guidance from the Library of California Board in preparing a plan for the transition of this program to the Library of California for Board consideration, including the timing of key events. The transition process has already begun with the establishment of the Library of California interlibrary loan pilot program, which is funding non-public library ILL compensation, including reimbursements for non-public library loans to public libraries that previously were paid out of CLSA funds. Also, the pilot program reimburses public libraries for loans to for-profit and governmental libraries; these transactions are not eligible under CLSA. Other transition benchmarks will include the establishment of a Library of California direct loan compensation program and the transfer of existing CLSA loan reimbursement funds to the Library of California budget. The Board also will adopt additional regulations, including handling cost reimbursement rates, although not necessarily before transition takes place, since basic regulations already have been established. Technically, under current Library of California regulations, elements of the CLSA loan program can transition to the Library of California as programs are established and either CLSA funds have been transferred or adequate Library of California funding has been allocated, even if additional rulemaking has not been completed (although the Board would have to adopt the CLSA reimbursement formula as the interim Library of California formula until the results of the upcoming cost study have been incorporated into regulation).

For example, one potential scenario is that the Board could take action to authorize the transition of the non-public library element of the CLSA interlibrary loan program to the Library of California and establish an interlibrary loan program by changing the status of its current program from pilot to permanent. This program also would augment the current CLSA ILL program for public libraries, since it would include compensation for public library loans to for-profit and governmental libraries. The Board also could propose a date for the transition of

the remainder of the CLSA interlibrary loan program – the public library element – to the Library of California program, provided CLSA interlibrary loan funds have been transferred to the Library of California program budget.

**RELATED ISSUES TO COME BEFORE THE BOARD IN THE FUTURE:**

1. Actual and estimated ILL and Direct Loan Programs activity levels.
2. Report on the Department of Finance action on CLSA ILL and Direct Loan reimbursement rates.

Relevant Committees: Access Services  
Staff Liaison: Sandy Habbestad